



The fund received a 4-star Overall Morningstar Rating as of 12/31/18 among 80 funds in the Convertibles category (Y shares, based on risk-adjusted returns)



Robert L. Salvin
Portfolio Manager
(industry since 1986)



Anthony J. Daigle
Assistant Portfolio Manager
(industry since 2004)

Objective

The fund seeks, with equal emphasis, current income and capital appreciation. Its secondary objective is conservation of capital.

Morningstar category

Convertibles

Lipper category

Convertible Securities

Fund symbols

Class A	PCONX
Class B	PCNBX
Class C	PRCCX
Class M	PCNMX
Class R	PCVRX
Class R6	PCNTX
Class Y	PCGYX

Number of holdings

111

Net assets

\$638.83M

Dividend frequency

Quarterly

**Not FDIC insured
May lose value
No bank guarantee**

Putnam Convertible Securities Fund

Offering investors the diverse benefits of convertible securities since 1972

Balanced profile

The fund seeks to achieve an equilibrium balancing much of the upside potential of equities, the lower downside risk of bonds, and an attractive current yield.

Effective diversification

The fund can provide effective diversification for investor portfolios; convertible securities are not highly correlated with stocks and correlation is near zero versus aggregate bond strategies.

Joint venture

Uniquely combining both dedicated fixed income and equity expertise to enhance the ability to fully exploit these hybrid securities.

Top ten holdings

Bank of America	2.89%
Microchip Technology	2.65
BD Medical	2.28
NextEra Energy	2.10
ServiceNow	1.85
Palo Alto Networks	1.60
Crown Castle International	1.60
Square	1.55
Fortive	1.55
Workday	1.51

Holdings represent 19.58% of the portfolio and will vary over time.

Sector weightings

Information technology	34.1%
Health care	18.4
Financials	7.8
Communication services	7.6
Consumer discretionary	6.6
Industrials	5.9
Utilities	5.8
Real estate	4.6
Energy	3.8
Materials	1.7
Cash and net other assets	3.6

Allocations will vary over time. Due to rounding, percentages may not equal 100%.

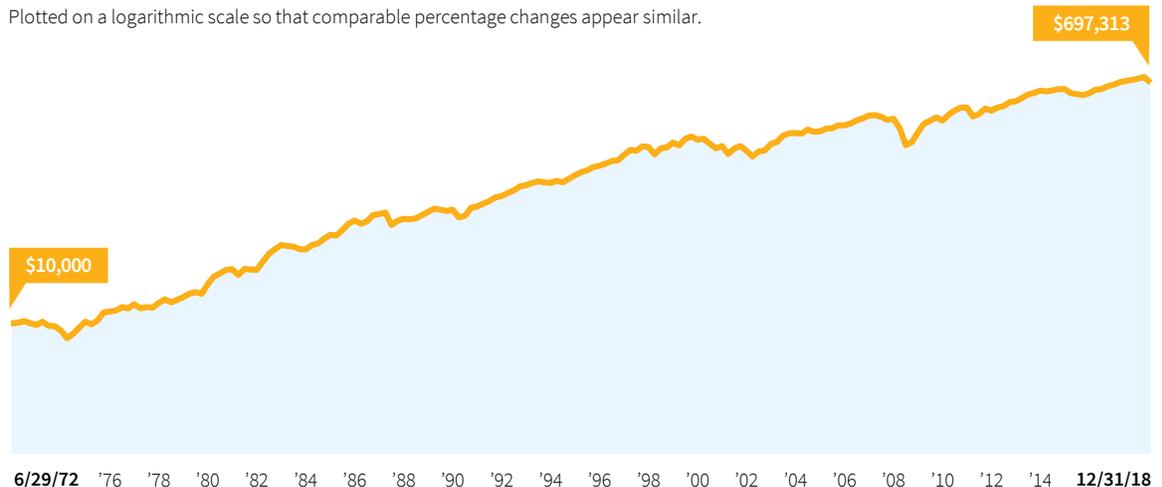
Portfolio composition

Convertible bonds and notes	74.2%
Mandatories	13.2
Convertible preferred stock	6.1
Equity	2.6
Corporate bonds and notes	0.3
Cash and net other assets	3.6

Growth of a \$10,000 investment

The fund has returned an average of 9.6% annually since inception.

Plotted on a logarithmic scale so that comparable percentage changes appear similar.



Current performance may be lower or higher than the quoted past performance, which cannot guarantee future results. Share price, principal value, and return will vary, and you may have a gain or a loss when you sell your shares. Performance of class Y shares assumes reinvestment of distributions and does not account for taxes. Class Y shares, available to investors through an asset-based fee program or for institutional clients, are sold without an initial sales charge and have no CDSC. Performance for class Y shares before their inception are derived from the historical performance of class A shares (inception 6/29/72), which have not been adjusted for the lower expenses; had they, returns would have been higher. For the most recent month-end performance, please visit putnam.com.

Lipper rankings

(Y shares, based on total return)

1 year	63% (51/80)
3 years	44% (34/77)
5 years	43% (26/60)
10 years	15% (6/41)

Total expense ratio(Y shares)
0.82%**Beta**

1.01

30-day SEC yield

1.86%

Beta is defined as a fund's sensitivity to market movements and is used to evaluate market related, or systematic, risk. It is a historical measure of the variability of return earned by an investment portfolio. Risk statistics are measured using a 3-year regression analysis. For funds with shorter track records, Since Inception analysis is used.

The ICE BofAML U.S. Convertible Index tracks the performance of publicly issued U.S. dollar denominated convertible securities of U.S.

companies. The Lipper Convertible Securities Funds Average is an arithmetic average of the total return of all Lipper Convertible Securities Funds. ICE Data Indices, LLC (ICE BofAML), used with permission. ICE BofAML permits use of the ICE BofAML indices and related data on an "as is" basis; makes no warranties regarding same; does not guarantee the suitability, quality, accuracy, timeliness, and/or completeness of the ICE BofAML indices or any data included in, related to, or derived therefrom; assumes no liability in connection with the use of the foregoing; and does not sponsor, endorse, or recommend Putnam Investments, or any of its products or services. You cannot invest directly in an index.

For informational purposes only. Not an investment recommendation.

Putnam Retail Management
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Annual performance at net asset value (all distributions reinvested)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Y shares	54.1%	19.8%	-6.2%	15.4%	22.3%	7.7%	-6.8%	9.8%	15.2%	-3.1%
ICE BofAML U.S. Convertible Index	49.1	16.8	-5.2	15.0	24.9	9.4	-3.0	10.4	13.7	0.2
Lipper Convertible Securities Funds Average	38.8	16.5	-5.2	11.7	22.8	6.3	-3.7	8.2	13.2	-1.9

Annualized total return performance

Inception 12/30/98	Class Y shares	ICE BofAML U.S. Convertible Index	Lipper Convertible Securities Funds Average
1 year	-3.05%	0.15%	-1.91%
3 years	7.05	7.94	6.36
5 years	4.26	5.95	4.18
10 years	11.64	12.21	9.95
Life of fund	9.56	—	9.44

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Highlights of five-year performance periods (6/29/72–12/31/18)*

Best 5-year return	Best period end date	Worst 5-year return	Worst period end date	Average 5-year return	% of 5-year periods with positive returns	Number of positive 5-year periods	Number of negative 5-year periods
23.04%	3/31/83	-3.30%	12/31/08	10.56%	97%	162	5

*Based on annualized returns for quarterly rolling periods.

The Morningstar Rating™ for funds, or "star rating," is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. Ratings do not take into account the effects of sales charges and loads. Putnam Convertible Securities Fund received 3, 3, and 5 stars for the 3-, 5-, and 10-year periods among 80, 63, and 41 Convertibles funds, respectively.

Lipper rankings for class Y shares are based on total return without sales charge relative to all share classes of funds with similar objectives as determined by Lipper.

Not all share classes are available on all platforms.

Consider these risks before investing: Convertible securities prices may fall or fail to rise over time for several reasons, including general financial market conditions, changing market perceptions (including perceptions about the risk of default and expectations about monetary policy or interest rates), changes in government intervention in the financial markets, and factors related to a specific issuer or industry. These and other factors may also lead to increased volatility and reduced liquidity in the fund's portfolio holdings. These risks are generally greater for convertible securities issued by small and/or midsize companies. Convertible securities' prices may be adversely affected by underlying common stock price changes. While convertible securities tend to provide higher yields than common stocks, the higher yield may not protect against the risk of loss or mitigate any loss associated with a convertible security's price decline. Convertible securities are subject to credit risk, which is the risk that an issuer of the fund's investments may default on payment of interest or principal. Credit risk is greater for below-investment-grade convertible securities. Convertible securities may be less sensitive to interest-rate changes than non-convertible bonds because of their structural features (e.g., convertibility, "put" features). Interest-rate risk is generally greater, however, for longer-term bonds and convertible securities whose underlying stock price has fallen significantly below the conversion price. You can lose money by investing in the fund.

Request a prospectus or a summary prospectus, if available, from your financial representative or by calling Putnam at 1-800-225-1581. These prospectuses include investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing.